

Article 8.

Instruments to Secure Certain Home Loans.

§ 45-80. Priority of security instruments securing certain home loans.

(a) Notwithstanding any other provision of law, a deed of trust or mortgage which secures a loan that complies with subsection (b) below shall have priority and continue to have priority from the time and date of registration thereof to the extent of all principal and interest secured by said deed of trust or mortgage notwithstanding that the loan may be renewed or extended one or more times and notwithstanding that the interest rate may be increased or decreased from time to time. Interest which accrues pursuant to changes in the interest rate made pursuant to a method agreed to as provided in subsection (b) below (whenever such changes are made) shall be secured and have priority from the registration of the deed of trust or mortgage and not from the time changes are made.

(b) With respect to a loan referred to in subsection (a) above:

(1) The parties must provide in a written instrument agreed to by the borrower at or before registration of the deed of trust or mortgage that the loan may be renewed or extended in accordance with stated terms and that the interest rate may be increased or decreased according to a stated method; and

(2) The loan must be a loan described in G.S. 24-1.1A(a)(1) or (2).

(c) The provisions of this section shall not be deemed exclusive and no deed of trust or mortgage or other security instrument which is otherwise valid shall be invalidated by failure to comply with the provisions of this section. (1979, 2nd Sess., c. 1182.)